

MDEQ Proposal for EPA Brownfield Petroleum Site Cleanup Grant for the Former Gas Station at 665 East Philadelphia, Detroit, Michigan

Threshold Criteria for Cleanup Grants

A. Applicant Eligibility: The Michigan Department of Environmental Quality (MDEQ) is the entity seeking funds to perform an environmental cleanup at a petroleum-contaminated site in the state. As the primacy agency for environmental protection in Michigan, the MDEQ is an eligible entity to receive the grant. The proposed cleanup site meets the definition of a “brownfield” as described by the U.S. Environmental Protection Agency (U.S. EPA), as real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. The property is owned by the State of Michigan and title to the property is held by the Michigan Land Bank Fast Track Authority (MLBFTA).

B. Letter from the State or Tribal Environmental Authority: Not applicable, as the applicant is the state environmental agency/authority acting in partnership with its coalition partners including the city of Detroit, Wayne County, and the MLBFTA.

C. Site Eligibility and Property Ownership Eligibility: 1. Basic Information: (a.) The name of the site is the former John’s Tire Repair. (b.) It is located at 665 East Philadelphia Street, Detroit, Michigan. (c.) The State of Michigan is the owner, which received the property by tax reversion on May 2, 2000.

2. Status and History of Contamination: (a.) The site is contaminated with petroleum substances. (b.) The operational history of the site began in 1947 with an aerial photograph which appeared to show one L-shaped building. A 1950 Sandborn map also shows a building with an indication that the site was a filling station. This map shows three gasoline tanks located on the south side of the building. Sandborn maps from 1957 and 1961 show the same building and tanks. Subsequent maps, starting with a 1977 Sandborn have the building marked as vacant but without the gasoline tanks. The property first tax-reverted to the State of Michigan on May 5, 1992, but was reconveyed to Mary Williams in May 1993. Based upon Michigan’s tax reversion law at the time, it would have taken seven years for the state to foreclose on the property due to unpaid taxes. The property tax-reverted again on May 5, 2000. The current status of the site is an abandoned building, a debris and trash-strewn lot, and three underground storage tanks. There is no business activity at the site. (c.) Environmental concerns as identified in the “Brownfield Redevelopment Assessment Report for John’s Tire Repair, 665 E. Philadelphia Street, Detroit, Michigan,” (BFRA) dated September 4, 2007, include organic compounds and inorganic analytes at concentrations greater than the Generic Residential Cleanup Criteria. The contaminants of concern are: seven volatile organic compounds (benzene, sec-butylbenzene, ethylbenzene, n-propylbenzene, 1,2,4-trimethylbenzene, 1,3,5-trimethylbenzene, and xylenes); and four semi-volatile organic compounds (benzo(a)pyrene, fluoranthene, naphthalene, and phenanthrene). (d.) The site

became contaminated through the release of petroleum fuels from either previously removed leaking underground storage tanks (USTs), or the existing UST system, or both. Other contamination was likely caused by automotive repair, various spills, dumping, and unregistered tanks. There were no official state records of tanks at the property prior to the BFRA that was conducted and no records of UST removals. Past releases of petroleum fuels were apparently not dealt with by the owner/operator.

3. Sites ineligible for funding: This site is eligible to receive funding from the U.S. EPA to undertake the proposed scope of work. The *MDEQ affirms* that the site is (a.) not listed or proposed for listing on the National Priorities List; (b.) not subject to unilateral administrative orders, court orders, administrative orders on consent, or judicial consent decrees issued or entered into by parties under CERCLA; and (c.) not subject to the jurisdiction, custody, or control of the United States government. The property is owned by the State of Michigan, which received the property through its tax reversion process. Property ownership information is included in Attachment 1.

4. Property-Specific Determination: Not applicable.

5. Environmental Assessment Required: A BFRA, listed in Part C.2. above, conducted by the MDEQ under the Site Specific Assessment task in the Section 128(a) Cooperative Agreement, was completed on September 4, 2007. The BFRA includes a Phase I report prepared in compliance with ASTM E1527-05 or equivalent standard and a Phase II site assessment in compliance with ASTM E1903-97 or equivalent. An electromagnetic survey was conducted at the site in March 2007, and sampling took place on April 12, 2007.

6. Property Ownership Eligibility: Neither the MDEQ, nor the State of Michigan, is liable for the contamination at this site under CERCLA Section 107. The *MDEQ affirms* that it is not potentially liable for contamination at the site under CERCLA Section 107. The MDEQ is neither a current owner or operator of the facility, was not an owner or operator of the facility at the time of disposal of a hazardous substance, was not a party that arranged for the treatment or disposal of hazardous substances, nor was a party that accepted hazardous substances for transport to disposal or treatment facilities at the site. This property was operated by private individuals and corporations as a gas station and other commercial businesses. The property was abandoned by its previous owner and allowed to revert to the State of Michigan for nonpayment of taxes. The Michigan Land Bank Fast Track Authority (MLBFTA), created by the State of Michigan, has title to the property.

7. Enforcement Actions: Not applicable for petroleum sites.

8. Liability and Defenses/Protections: Not applicable for petroleum sites.

9. Petroleum Sites (a.) Ownership: The current owner is the State of Michigan, MLBFTA. Past owners included Mary Williams and Hewitt J. Crittenden. There is no record of their operations at the property.

(b.) Acquisition of Site: The property was initially acquired by the State of Michigan in May 1992 through the state's tax reversion process initiated due to nonpayment of taxes. The property was reconveyed to Mary Williams in May 1993, and subsequently tax-reverted to the State of Michigan again in May, 2000. Title to the property has been held by the MLBFTA since December 13, 2004.

(c.) No Responsible Party for the Site: The MDEQ has determined that there are no known responsible parties for the site. It is unknown whether the previous past owner of the property, Mary Williams, did any of the following, as there were no official records of USTs or any releases reported for this site prior to the BFRA conducted in 2007. The State of Michigan did not 1) dispense or dispose of petroleum or petroleum product, or exacerbate the existing petroleum contamination at the site, and 2) took reasonable steps with regard to contamination at the site. Results from the BFRA did not indicate an immediate threat to life, health, or the environment, therefore, it was determined that the property be held in state ownership until funds can be garnered for the cleanup.

(d.) Cleaned Up by a Person Not Potentially Liable: The MDEQ did not dispense or dispose of petroleum or petroleum products, nor did the MDEQ exacerbate any existing petroleum contamination at the site, and the MDEQ has taken reasonable steps with regard to the contamination at the site. The MDEQ performed Phase I and Phase II assessments and requested that the MLBFTA keep the property in state ownership until the underground storage tanks and contamination at the site could be dealt with. The MLBFTA has agreed to this request.

(e.) Relatively Low Risk: The site is of relatively low risk compared to other petroleum contaminated sites in the state and is not receiving or using Leaking Underground Storage Tank (LUST) Trust Fund monies. The site has no active underground storage tank systems operating and the confirmed release appears to be contained due to the presence of clay soils which underlie this area of Detroit.

(f.) Judgments, Orders, or Third Party Suits: There have been no responsible parties, including the applicant or the coalition members, identified for the site through either: 1) a judgment rendered in a court of law or an administrative order that would require any person to assess, investigate, or clean up the site; or 2) an enforcement action by federal or state authorities against any party that would require any person to assess, investigate, or clean up the site; or 3) a citizen suit, contribution action, or other third party claim brought against the current or immediate past owner, that would, if successful, require the assessment, investigation, or cleanup of the site.

(g.) Subject to RCRA: The site is not subject to any order under section 9003(h) of the Solid Waste Disposal Act.

(h.) No current or immediate past owner was found to be responsible for the contamination at the property, and no responsible party was identified under c. or f. above; therefore, there is no applicability to determining financial viability.

D. Cleanup Authority and Oversight Structure: 1. The cleanup of the petroleum-contaminated site will be conducted under Part 213, Leaking Underground Storage Tanks, of the NREPA. The MDEQ will act as the primary project manager for this project and will develop all cleanup plans and oversee all cleanup activities at the site. The MDEQ will coordinate with the coalition partners involved in this project to keep

them fully informed of the activities being planned or conducted at the site. The MDEQ project manager will ensure that the scope of work for site cleanup is properly carried out by contractors who will be selected to perform the site cleanup activities. Any contractors retained through MDEQ contract management procedures are required to comply with the competitive procurement provisions of 40 CFR 31.36 and must be qualified to undertake the scope of work.

2. Should access to neighboring properties be necessary, the MDEQ will request voluntary access from adjoining property owners. If access is not granted voluntarily, the MDEQ will notify such parties if there are any releases that are impacting their properties. If there are immediate impacts to the life, health, and safety of neighboring residents, the MDEQ may seek administrative or court ordered access to address the impacts.

E. Cost Share: The MDEQ will fund the minimum 20 percent cost share through the use of state funding. Since this proposal is for a \$140,000 grant, the MDEQ cost share will be \$28,000. These funds will come from state environmental cleanup funds, either appropriated specifically for this site, or from contingency or other such funds as determined by the MDEQ. Funding will be set aside for the 2008 fiscal year.

Ranking Criteria for Cleanup Grants

A. Cleanup Grant Budget:

Budget Categories				
(Programmatic Costs)	Cleanup Planning	Site Cleanup	Community Outreach	Total
Travel				
Equipment				
Supplies				
Contractual	\$16,000	\$ 123,300		\$ 139,300
Other (Public involvement)			\$ 700	\$ 700
Grant Funds	\$16,000	\$ 123,300	\$ 700	\$ 140,000
Cost Share	\$ 3,200	\$ 24,660	\$ 140	\$ 28,000
Total Project Cost	\$19,200	\$ 147,960	\$ 840	\$ 168,000

The budget for this grant will be used to conduct cleanup planning activities for the petroleum-contaminated site, which will involve conducting a site-specific cleanup plan, and developing plans and specifications for the site. Contracting to qualified underground storage tank consultants (QC) will be conducted by the MDEQ in conjunction with the Michigan Department of Management and Budget. All cleanup planning activities will be conducted with the input from the coalition members. The cleanup planning activities, including development of plans and specifications, will

cost \$19,200; \$16,000 of this will be from the U.S. EPA grant and \$3,200 from the MDEQ.

The community involvement portion of the budget will be for costs related to publishing public notifications and attending public meetings if necessary. The cost will be \$840; \$700 of this will be grant funds and \$140 from the MDEQ.

The cleanup of the site will be the second part of the project. A QC will perform the actual on-site cleanup activities under the direction of the MDEQ project manager. A final project completion or site closure report will be provided to the project manager for approval. These activities will cost \$147,960; \$123,300 of this will be grant funds and \$24,660 will be from the MDEQ.

B. Community Need: 1. The targeted community is the city of Detroit. However, within the city, the residential and commercial areas directly surrounding the site will be most affected by the project. Overall, Detroit's population is 871,121 (2006 Census estimate), or about 8.6% of Michigan's residents of 10,095,643. The largest city in Michigan, Detroit remains far below the state averages for many social and economic measures. The poverty rate in 2005 in Detroit was 30.1% compared to 11.4% for Michigan as a whole, both higher than in 2000. The following data is from the 2000 Census, unless otherwise noted. The subject site is located in Census Tract (CT) #5112, which has a population 2,041 and a poverty rate of about 40%. Per Capita income (PCI) in CT #5112 was \$8,363, 42% lower than the PCI for Detroit of \$14,418, which itself is nearly 38% lower than the state PCI of \$23,167. Median Family income (MFI) in the CT was \$18,560, compared to \$26,157 in Detroit, which is 41% lower than the state MFI of \$44,407. Median Household income (MHI) in the CT was \$15,969, nearly half of the MHI for Detroit of \$30,520, which is 31% lower than the state MHI of \$44,667. Detroit has higher percentages of sensitive populations than the rest of the state. Households headed by single females make up 4.4% of the households in Detroit, compared to only 1.3% in Michigan. Of the 448 families in CT #5112, 40% are households headed by single females with related children under the age of eighteen. Children living in Detroit are two and half times as likely as children statewide to be below poverty level (25.3% to 10%). In CT#5112, 46.5% of children 17 or under were below the poverty level. Those Detroit residents over age sixty-five are nearly three times more likely to be below poverty level than their counterparts in the entire state (24.8% to 8.4%). Residents over age sixty-five make up 15.7% of the population in CT #5112 (compared to 12.3% in Michigan as a whole) and 33.4% of them are below the poverty level.

Based on data from the Bureau of Labor Statistics (BLS) and the Michigan Department of Labor and Economic Growth, the State of Michigan's unemployment rate was 7.9% in July 2007, 3.3 percentage points higher than the national average. The unemployment rate in Wayne County, where Detroit is located, was 9.0% in July 2007, nearly twice that of the national rate. Even when compared to other states in the Midwest, which has an average unemployment rate of 5.2%, Michigan is clearly suffering due to long term adjustments from a manufacturing to a service-based and

high-tech economy. The trend is most evident in the overall decline in population for Wayne County from 2,061,162 in 2000 to 1,971,853 in 2006. Residents leaving Detroit accounted for 80,000 of the total loss during that period, according to Census estimates. According to the Michigan Department of Labor and Economic Growth, the State of Michigan has seen a decline of 64,000 payroll jobs (or 1.5%) from July 2006-2007; 18,000 of those losses occurred in the Detroit-Livonia-Dearborn (Wayne County) area.

2. The city of Detroit will benefit from this grant by eliminating potentially dangerous and blighting conditions at this property, thereby greatly improving the neighborhood. To those residents living in Census Tract #5112, who must look at the site on a daily basis, or children walking by the site on their way to school, cleaning up the property will have a huge impact on their lives. There are two public elementary-level schools (one traditional and one foreign language immersion school) located on Cameron Street, within 1800 feet of the site, and three other schools just over one-half mile from the site. During the site investigation it was noted that many children passed by this site after school. The city of Detroit has been the recipient of other cooperative agreements, but not specifically to address cleanups at abandoned gas stations or in this census tract. There are 142 sites located in Detroit that have been nominated or funded for cleanup by the state, and the majority of these were properties were tax-reverted to the city, county, or state. The state of Michigan's budget difficulties have left the MDEQ limited funds to perform cleanups at a few sites, mainly those that pose a high risk to public health or the environment, or a few others where state funds can be leveraged with federal monies for sites with a good redevelopment potential. Cleanup of this site will be a catalyst toward the redevelopment of this area at the corner of Philadelphia and Oakland streets.

3. There are 7,437 abandoned properties located in Detroit that are owned by the MLBFTA, thousands more than in any other city in Michigan. Over 260 of these tax-reverted sites have been identified by the state as potentially contaminated. Wayne County is the primary tax-foreclosing governmental unit, but they do not have the resources to conduct any assessments at the thousands of properties that have been foreclosed in the last several years. This means that there are likely dozens of more tax-reverted properties in Detroit that are contaminated. Abandonment of properties often initiates neglect and further abandonment of surrounding residential and commercial properties. Abandonment of this property has invited illegal dumping of demolition debris, tires, garbage, automotive theft, and property destruction, spilling over into the neighborhood. MDEQ tank inspectors have identified this as one of over 40 abandoned UST sites in Detroit, including properties that have either tax-reverted to the city, county, or state, or privately owned properties whose owners are absent and do not have the resources to address the tanks, or investigate potential or actual petroleum releases. Sites such as John's Tire Repair cast a negative image of the neighborhood and a feeling that no one in the community cares enough to take care of the problem. These abandoned service garages, pumps, pump islands, fill ports, and vent pipes are potentially hazardous to children and neighbors. In order to focus private investment at previously developed gas station sites, and prevent additional abandonment of other

storage tank sites, the city issued a moratorium on building new gas stations at new locations in the city.

The primary reason that abandoned petroleum sites are so difficult to redevelop is that new potential purchasers do not want to risk the up-front investment necessary to deal with abandoned tanks, contaminated soils and or groundwater, and hazardous buildings. This site in its current condition would not encourage people to invest in it. The second reason is a decline in Michigan's economy which has impacted Southeast Michigan more than elsewhere, and this decline has spurred a contracting real estate market. The State has tried to resolve the costs related to cleaning up and redeveloping brownfields through state environmental bonds and tax incentives, but cannot deal with the broader economic issues, which have impacted its own resources. As an indicator of the declining economic conditions, RealtyTrac, an on-line foreclosure firm, reported that in July 2007, Michigan had 13,979 foreclosure filings, including default notices, auction sales notices, and bank repossessions. This number is up by 130% from July 2006, and indicates one foreclosure for every 320 households (double the rate nationwide). Wayne County saw the bulk of these filings, 8,683 which is 70% higher than in July 2006.

The industrial and commercial real estate markets are experiencing the same downturn. Information from CB Richard Ellis (CBRE) in the second quarter of 2007 reports the Southeast Michigan region showing increases in industrial and office availability while experiencing declines in asking rental rates for industrial and office properties. CBRE national data show that Detroit and the surrounding region have the highest vacancy rate of office properties in the nation (27% for downtown and 24.6% for the suburbs) and the second highest percentage increase (.9%) in industrial availability of the major U.S. markets, leading to an 11.2% availability rate (of industrial properties either for sale or lease), up 2.6% from the second quarter in 2006. These issues seem to have created a vicious circle in Southeast Michigan where old industrial, commercial, and office buildings are being abandoned for newer, less expensive space in suburban areas with highway access, leading to more brownfields in the older urban areas that cannot be redeveloped without considerable governmental incentives.

C. Sustainable Reuse of Brownfields: 1. This grant would support several goals of the State and of the city by reusing a previously developed property and would improve the surrounding community. Pollution would be prevented by removing leaking underground storage tanks and any petroleum or other substances in those tanks. Resources can be saved through the recycling of the steel tanks and uncontaminated concrete. The MDEQ and the city of Detroit have on several recent projects, worked to ensure that as much demolition debris as possible is recycled by contractors. For example, in the summer of 2006, during demolition of the Lafarge, CEMEX, and Medusa cement silos along the riverfront, nearly 100% of the concrete and steel was recycled. The MLBFTA, in their negotiations with new purchasers, can emphasize the state's desire to support sustainable and green businesses. The MDEQ can offer assistance to developers regarding Leadership in Energy and

Environmental Design (LEED) standards and certification processes, and can assist with development of runoff, reducing parking area design, and pollution prevention for manufacturing related businesses. Both for-profit and non-profit developers in Michigan are already realizing the long-term savings on electricity, heat, and water through green building design and construction.

2. The economic benefits of this project will impact the surrounding neighborhood in two ways: first, the cleanup of the site will leave a new open space initially, providing an improvement in the overall look of the neighborhood on Oakland and Philadelphia Streets and potentially increasing property values. In a study from the National Vacant Properties Campaign, "Vacant Properties-The True Costs to Communities," August 2005, researchers in a Philadelphia study found a decline in surrounding housing values due to vacant and abandoned properties. Census Tract #5112 has only 42% of the housing units that are owner-occupied; 21% of housing units are vacant. Detroit's median average single family owner-occupied housing value is \$88,300 compared to the \$167,500 national average. The median value for owner-occupied housing units in CT #5112 was \$30,700. Residents and businesses surrounding the subject property and others like it, must deal with both lower property values and higher costs for insurance and property upkeep due to garbage dumping, vandalism, and crimes being committed. Both the city and MLBFTA have been actively selling vacant lots to next-door property owners to eliminate these problems. In this case, however, the MLBFTA would only be able to sell the property to someone with the ability to clean up the site. Second, the long term strategy for this property is to convert it to a viable and sustainable reuse, possibly providing new job opportunities for people living nearby and possibly leading to redevelopment of surrounding properties.

3. The city of Detroit is a traditional Midwestern city made up of neighborhoods that include residential, commercial, industrial, institutional, and recreational space. Most neighborhood streets and main thoroughfares in Detroit have sidewalks, and alternative transit is available throughout the city via the city's bus system and the Detroit People Mover. There is no need to try and create "New Urbanism" or "Smart Growth" in Detroit; it has existed for over 100 years. What has not existed, for the last 40 years, is the capital investments made in supporting the commercial and retail parts of these neighborhoods. This grant for site cleanup will be the first step toward making the property a viable investment. Existing infrastructure, including water, sewer, sidewalks, lighting, and gas will be utilized by the new occupants. The neighborhood could be enhanced by adding a new business that provides retail or service needs or a mixed-use development to encourage housing infill.

D. Creation and/or Preservation of Greenspace/Open Space or Nonprofit

Purpose: The MLBFTA often sells similar corner lots to non-profit housing or commercial developers for a variety of redevelopment projects in the city. This site would be ideal for non-profit development of a commercial or mixed residential-commercial use. If the site reaches an unrestricted residential closure, the MLBFTA will look to neighboring property owners or a local non-profit development agency to

have them agree to maintain or redevelop the site. The grant could lead to the creation of permanent greenspace in the neighborhood, if the Detroit Planning and Development Department (PDD) (working with the area neighborhood association) so determines that is the best use. A corner park already exists directly across from the site on Oakland, but there may be a need for more open space in the area. If that is the case, the PDD can request a public use deed from the MLBFTA for the property. The site will be covered with topsoil and seeded, creating at least temporary open space.

E. Pre-Award Community Notification: 1. The community was noticed through the MDEQ Calendar (See Attachment 3) on September 3, 2007, September 17, 2007, and October 1, 2007. The MDEQ Calendar is distributed biweekly to more than 1,209 interested groups and individuals, including community officials, interest groups, and environmental consultants statewide. The Calendar is also accessible to anyone with internet access through the MDEQ web site at: www.michigan.gov/deq. A listserver notification, reaching over 1500 subscribers with interests in cleanup and redevelopment was e-ailed on September 10, 2007. A draft copy of the proposal was posted to the web site, at: www.michigan.gov/deqrrd, under the "What's New" section on September 10, 2007. Any interested party was invited to make comments on the proposals, and contact information was provided for that purpose.

Local officials and community groups in Detroit and Wayne County have been involved in the planning for this initiative since June of 2006, when after a meeting with staff from the U.S. EPA Region 5, Office of Special Environmental Projects to discuss cleanup of abandoned gas stations, the various coalition partners began inventorying sites. The MDEQ, Wayne County Department of Economic Development, and the Detroit Department of Environmental Affairs refined the goals of the initiative and discussed the proposals with the Community Action for a Renewed Environment (CARE) - Community Environmental Team (CET) on October 10, 2006. The results of this meeting led to a discussion of several issues and community needs related to abandoned gas stations, which included selection of sites for future cleanup.

Upon notification of the award, the MDEQ will update its website, informing the targeted community of the grant funds available and the general nature of the cleanup. Additionally, recipients of the RRD listserver will receive notification via e-mail.

2. The MDEQ uses a variety of formats to notify the public, but primarily through the internet postings and the listserver. The community notification methods listed above are deemed to be the most effective way of reaching as wide an audience as possible. The local media, particularly the Metro Times and Detroit News/Free Press newspapers have featured numerous articles about brownfields and leaking underground storage tanks, and often follow the MDEQ press releases with their own stories. Additionally, most of the environmental organizations located in, or firms doing business in Detroit receive these notifications. The CET is the primary mechanism for public outreach being used by the coalition and they were informed of this grant proposal at a meeting on September 21, 2007. The CET members are best

able to inform their local members through community publications and neighborhood meetings.

3. The public notification period was one month long, and the proposal was posted for public review and comment for one month prior to the submittal. The proposal will remain on the web site at: http://www.michigan.gov/deq/0,1607,7-135-3311_4110_23243-155629--,00.html until notification from U.S. EPA is received regarding the selection of the proposal. Additional outreach will be conducted upon award notification through an update of this web page and a potential press release of the award and the cleanup plan, which will be submitted for public review. These additional periods will be for a minimum of two weeks.

4. When written public comments are received, they will be replied with letters. If comments are made by phone, they will be replied to with return calls, or if comments are made by e-mail they will be replied to through e-mail. Responses to public comments will be made as soon as practicable by the MDEQ's Brownfield Redevelopment Coordinator.

F. Ongoing Community Involvement: 1. The primary community-based organization that is involved with the coalition is the Community Environmental Team (CET), which is comprised of community activists, citizens, environmental groups, and non-profit groups from around the city. This group has been involved with this project from the beginning, having assisted with identifying sites that required assessment or cleanup. There have been two meetings of the CET to discuss this project. A meeting was held on October 3, 2006, to discuss a list of sites, develop a proposal, and develop a projected timeline for cleanup should the grant be funded, and what alternatives would be available if the grant were not funded. Members of the CET were notified in May 2007 that the proposal was not funded. The most recent meeting of the CET was held on September 21, 2007, to discuss this round of funding options. The CET will continue to be involved in the future, helping to formulate implementation plans, identifying changes in the neighborhoods since the proposal was submitted, assisting with informing neighboring property owners, and analyzing cleanup alternatives for the site.

The coalition will continue to involve the general public after the announcement of the grant in the spring of 2008. The analysis of cleanup alternatives will also be publicly announced on the MDEQ's web site, which has a page (listed in Part E. 3. above) about this project with contact information. The MDEQ has developed guidance documents about UST systems and requirements for addressing LUSTs that are available on the web site at: http://www.michigan.gov/deq/0,1607,7-135-3311_4115_4238---,00.html. A new fact sheet, intended for tank owners and operators, that may be also be used by community groups in helping them understand the responsibilities of gas station owners, has also recently been completed by the MDEQ. This document was provided to the CET members at the September 21st meeting. Additionally, the MDEQ is coordinating a supplemental environmental project with a Detroit-based company to identify and remove leftover petroleum

products from tax-reverted properties that are listed on the inventory. This project should begin in October 2007. The MDEQ will continually update its web pages and maintain links to relevant documents.

2. Partnerships at the federal, state, and local level have been organized for this endeavor. As part of the Great Cities Partnership Program, the city of Detroit was provided several small grants from Region 5 U.S. EPA to support diesel retrofitting of city trucks, and support outreach to the community regarding the dangers of air pollution and benefits of lower emissions technology. The U.S. EPA's CARE program has helped residents in Detroit identify and address toxic exposure risks and create a self-sustaining, community-based organization that works to protect the environment. Neighborhood forums were held by the Department of Environmental Affairs starting in March 2006 providing residents with information and tools to address local environmental hazards and prioritize environmental and public health issues in their particular communities, abandoned gas stations being one of the primary issues. The forum topics also included discussions about outdoor air quality, asbestos, volatile organic compounds, indoor air quality, asthma, lead, and stormwater management. The CET, which evolved out of the forums, continues to meet quarterly. Measurable results including the list of sites eligible for assessment and cleanup and the UST fact sheet. In addition to cleaning up this abandoned gas station, the CET and other coalition members are seeking other options to prevent future abandonment, and to clean up petroleum sites throughout other economically challenged areas of Wayne County. Wayne County will use their 2007 Petroleum Site Assessment grant funds to perform assessments at sites identified for redevelopment.

3. Progress of the project will be communicated to citizens through the use of the internet, on the MDEQ and/or the city of Detroit's web sites, announcements in the local newspapers and community newsletters, and postings of the cleanup through the use of on-site signage. The neighbors surrounding the property will be informed through letters when work is being planned. The broader community will be made aware through the local newspapers and from press releases by the city, county or MDEQ.

4. Community-based organizations involved in this project include:

Southwest Detroit Environmental Vision (SWDEV). SWDEV is a local advocacy group located in the heavily industrial area of Southwest Detroit that supports cleanup of contaminated properties and public health initiatives. The Director is Ms. Lisa Goldstein and she can be reached at 313-842-1961.

Focus: HOPE. Focus: HOPE is a community-oriented assistance and personal development organization in northern Detroit that is committed to environmental justice and community development initiatives. The Manager of Community Development is Ms. Deborah E. Fisher and she can be reached at 313-494-4306.

G. Reduction of Threats to Human Health and the Environment: 1. Funds will be used to address the potential human health and environmental threats posed by petroleum constituents in the soil and groundwater. Removal of the abandoned USTs

will be performed in order to access contaminated soil and groundwater underneath and around the tanks. Removal of the tanks will eliminate the potential for these tanks to be used for illegal disposal of liquids. Removal of the contaminated soils will reduce any source areas which might impact neighboring properties or the right of way. When the site is cleaned up it can be capped with clean fill dirt and hydro-seeded, at least temporarily providing open space for recreational activities.

2. The MDEQ has developed detailed scopes of work when cleaning up contaminated properties, including hundreds of petroleum sites. The scopes of work include requirements for dust control, site access restrictions, public notifications of dates of on-site work, and permitting requirements from both the local governments and state government. Air monitoring is regularly conducted at sites where excavation or demolition is occurring. Runoff from precipitation events is also regulated by the city of Detroit through its management of a non-point source pollution program. All cleanups will be conducted under Part 213, Leaking Underground Storage Tanks, of the NREPA. The Detroit Department of Health and Department of Environmental Affairs will be involved by helping to monitor the activities on site.

3. The proposed cleanup for the site is to address petroleum impacted soils, through soil removal, removal of leaking USTs where it is necessary to remove the tanks in order to address the contaminated soil or groundwater, removal of free product if necessary, removal of contaminated structures, appurtenances, or materials that impede cleanup activities, and removal of associated hoists, pits and other buried drums, tanks, or debris that impede the cleanup activities. It is estimated to take \$168,000 to complete the activities.

H. Leveraging of Additional Resources: 1. The state will commit to using a minimum cost share of 20 percent of the grant amount in state cleanup funds from its Cleanup and Redevelopment Fund to meet the federal cost share requirements. This funding source will be set aside during the fall of 2007 in anticipation of new projects beginning in fiscal year 2008.

2. The need for additional funding for this phase of cleanup activities is not anticipated, however, the MDEQ has historically made supplemental cleanup funds available to protect the public health, welfare, and the environment. Any additional funds needed for future redevelopment-related activities can be sought by new developers using local tax increment financing, which can also be used in order to meet a new purchaser/developer's all appropriate inquiry (AAI) requirements, perform Baseline Environmental Assessments, and undertake due care activities. The city of Detroit has a brownfield redevelopment authority that authorizes the use of local tax increment financing to pay for such activities if a property owner/developer requests them.

I. Programmatic Capability: 1. Ability to manage this grant: This grant will be treated as the other federal grants awarded to the MDEQ, which are being managed and overseen by the MDEQ's Financial and Business Services Division which

includes the Federal Aid office. The RRD will be the division managing the grant activities and ensuring that all grant requirements are followed. The MDEQ will follow its state managed contracting process which is in compliance with federal procurement regulations. The RRD's Brownfield Redevelopment Coordinator has successfully implemented three U.S. EPA brownfield grants, and one USTfields grant. The project manager in charge of this grant project has overseen dozens of state-funded LUST cleanups similar to this; therefore, the MDEQ has the capability and expertise to manage this grant.

Previous Awards, Significant Accomplishments and Leveraged Funds:

2003 - EPA Brownfield Revolving Loan Fund (RLF) Grant, Cooperative Agreement signed October 24, 2003. This grant will have no remaining funds after October 2007. The RLF Grant allowed the MDEQ to create a specific loan program intended for cleaning up sites being redeveloped. One \$1 million loan was made to the Berrien County Brownfield Redevelopment Authority for cleanup at a former foundry in Benton Harbor, Michigan, which leveraged an additional \$200,000 in local funding and will eventually be redeveloped as a mixed recreational-residential use. This project will be completed in October 2007.

2004 - EPA Brownfield Site Assessment Grant, Cooperative Agreement signed October 15, 2004. \$200,000 was used to assess petroleum sites and \$50,000 was used to assess a hazardous substances contaminated site. There are no remaining funds. This grant, known as the Rural Brownfield Assessment project was completed with all seven sites having Phase I Environmental Site Assessments and project completion reports conducted. Three properties have been purchased and are in some stage of redevelopment. This grant helped the MDEQ procure additional cleanup funds in the amount of \$647,000 and will allow the small communities where these sites are located to encourage redevelopment, improve their taxable valuations, and protect their residents' drinking water.

2005 - EPA Brownfield Cleanup Grant, Cooperative Agreement signed October 20, 2005. \$200,000 was used for a hazardous substances site cleanup. There are no remaining funds. This grant was used to clean up contamination and remove a contaminated and hazardous building at a former plating operation. An additional \$47,000 of state funds was leveraged for this cleanup. The site is currently fenced, and is able to be redeveloped for industrial uses. The MDEQ is assisting the Belknap Neighborhood Association, MLBFTA and Grand Rapids' economic development officials with marketing efforts to find a new purchaser.

2. History of managing federal funds: The MDEQ managed \$499,933,038 of federal funds from eight different federal agencies, related to 49 federal programs, over the last four years. Two Single Audits by the Michigan Office of the Auditor General were conducted during that period of time. In both audits, MDEQ was found to be in compliance with the Federal Cash Management Improvement Act, and had no material weaknesses related to internal control over federal programs. There were no

findings related to the financial statements and financial schedules of federal programs.

The 2002-2003 Single Audit audited four programs as major programs and issued four unqualified opinions. The 2002-2003 Single Audit report for MDEQ identified one reportable condition: an instance of noncompliance related to payment of unallowable administrative expenditures in the amount of \$65,756 to the Capitalization Grants for State Revolving Fund program. This finding has been addressed and steps have been taken to ensure that only allowable costs are charged to federal programs. MDEQ repaid the funds to the U.S. EPA.

The 2004-2005 Single Audit audited eight programs as major programs and issued eight unqualified opinions. No material weaknesses in internal control were noted, and there were no questioned costs. However, two reportable conditions were identified. The Coastal Zone Management program had not ensured that its grantees were not debarred or suspended. The auditors found that internal controls were not established to ensure that subrecipient monitoring was adequately performed in the Coastal Zone Management, State Revolving Fund, Drinking Water Revolving Fund, and Nonpoint Source Programs. Instances of noncompliance with OMB Circular A-133 were found in that management decisions were not issued. These findings are being addressed in all federal grant programs. The 2006-2007 Single Audit has begun and should be published by June 2008.

3. Compliance with quarterly progress reports, brownfields reporting measures, and annual financial status reporting: The MDEQ was awarded a 2002 USTfields Redevelopment Grant from the U.S. EPA, Office of Underground Storage Tanks. The grant was awarded on July 9, 2003. The MDEQ used the funding, which totaled \$200,000, to fund cleanups and site assessments at two LUST sites in Kalamazoo and at four LUST sites in Detroit. All semi-annual reporting was up to date, as well as annual financial status reporting. The reports adequately reflected the achievement of the results of the grants, which was to put the sites into such a state that they could be easily redeveloped. One site achieved a residential closure and now is being used for single family housing. This grant has been closed out.

The MDEQ received a Brownfield RLF Grant in 2003 to lend funds to eligible recipients to perform brownfield site cleanups. Although initially the MDEQ was not up-to-date on quarterly reporting, a transfer of the program to RRD improved program performance and all quarterly reports have been on time since March 2005. A \$1 million loan was made to an eligible recipient in March 2007; work is expected to be completed by October 2007. Reports adequately reflected the achievement of the results of this grant, including developing a model loan document, negotiating with potential applicants, and developing comprehensive work plans for site cleanup activities.

The MDEQ received a Brownfield Site Assessment Grant in 2004 to perform Phase I and Phase II Environmental Site Assessments at seven locations in rural Michigan

communities. All quarterly reports were submitted on time and brownfields reporting measures, including Property Profile forms, were updated and submitted in accordance with the agreement. Reports reflected the achievement of the results that were expected for this grant, which included developing community contacts and support for the projects, fully assessing the remainder of contamination at the sites, and helping further redevelopment efforts of the state and communities. This grant was closed out in November 2006.

The MDEQ received a Brownfield Cleanup Grant in 2005 to perform a cleanup at a hazardous substance site in Grand Rapids, Michigan. The Cooperative Agreement was finalized in October 2005. Cleanup activities took place in August and September 2006. All quarterly reports were submitted on time and fully assessed the achievements of the results that were expected for the project including implementation of a neighborhood level outreach and public input process that further built upon lessons learned from previous grant projects. The MDEQ also developed a streamlined work scope that minimized the contractor costs while still providing for protection of public health. The grant was closed out in September 2007.

MDEQ's annual and bi-annual federal LUST Program grant reporting has been accurate and on-time for over 13 years. These reports fully assess the achievements of the results that are expected under the LUST program.

4. Plans for tracking and measuring progress towards achieving the expected outputs and outcomes: The output of this grant will be a cleanup of a petroleum site. The MDEQ will track the progress of this output by designing a streamlined cleanup plan, meeting the proposed timeline, overseeing the cleanup activities, reviewing and approving project completion reports/site closure reports, and determining what type of redevelopment can occur at the property. There are two outcomes which the MDEQ is seeking for this grant: the first is to create a sustainable program to deal with abandoned gas stations in order to improve public health and the environment in an urban area. The second outcome will be the visible improvement of the neighborhood by cleaning up the site and preparing it for redevelopment which will provide local jobs and increased tax base for the city and state. The primary measure to determine if the first outcome has been met is the removal of contaminants and their sources. Coalition members want to replicate the results at other sites in the county. The measure for the second outcome is the site classification of the property after the cleanup activities have been completed. Should the site meet a commercial or residential closure under the Part 213 of the NREPA, then it will be determined to be a successful endeavor, and the property will be able to be redeveloped. Further efforts will be made by the MDEQ and MLBFTA to market this property both on the web and at various events, such as the Transaction Forum which will be held during the Brownfields 2008 Conference. Marketing will be targeted to both private developers and non-profit community development organizations, in order to achieve a sustainable redevelopment of the property that will benefit the community.